



# Department of Veterans Affairs

## **Financial Policy**

### **Volume XVI**

## **Charge Card Programs**

### **Chapter 1B**

## **Government Purchase Card for Micro-Purchases**

Questions concerning this policy chapter should be directed to:

VHA	VHA CFO Accounting Policy (10A3A) (Outlook)
VBA	VAVBAWAS/CO/FINREP (Outlook)
NCA	NCA CAATS Finance Approvers (Outlook)
FSC	<a href="mailto:VAFSCEnterpriseSupport@va.gov">VAFSCEnterpriseSupport@va.gov</a>
All Others	ChargeCardPolicy <a href="mailto:VAChargec@va.gov">VAChargec@va.gov</a>
	VA Procurement Policy <a href="mailto:VACharc@va.gov">VACharc@va.gov</a>

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## **0101 Overview**

The purpose of this chapter is to establish policy for procuring goods and services, per [Federal Acquisition Regulation \(FAR 48 CFR 1\), Part 13 and Public Law 115-91](#), under the micro-purchase threshold using purchase cards. Purchases of goods and services that exceed the micro-purchase threshold can only be made by warranted contracting personnel, in compliance with Veterans Affairs Acquisition Regulations (VAAR) and Federal Acquisition Regulations (FAR) unless specifically allowed by legislation. Purchases over the micro-purchase threshold fall under the purview of the Office of Acquisition, Logistics, and Construction (OALC).

The Principal Executive Director and Chief Acquisition Officer (CAO), OALC, delegated the authority for micro-purchases, in conjunction with the Government Purchase Card Program, to the Assistant Secretary for Management and Chief Financial Officer (CFO). The CFO further delegated this authority to the Under Secretaries, Assistant Secretaries, and Other Key Officials with the stipulation that this authority can only be further re-delegated to employees at or above the GS-15 level.

The Department of Veterans Affairs (VA) Government Purchase Card program was established, in participation with the [GSA SmartPay Program](#), to reduce the administrative costs related to the acquisition of goods and services. But, VA must attempt to reduce individual purchases made with the purchase cards and pursue strategic sourcing, which generally provides greater savings to VA than the purchase cards. By leveraging VA's purchasing power, strategic sourcing may offer the most competitive prices. In short, VA needs to pursue strategic sourcing at both the local and national level.

Since the purchase cards are widely used in VA organizations, all offices must adhere to the policy and hold their employees responsible for any policy violations.

This policy provides guidance on:

- The proper use of a Government purchase card;
- Purchase card thresholds for goods and services under the micro-purchase threshold;
- Strategic sourcing;
- Avoiding split purchases;
- Reconciling orders within VA-approved systems;
- Receiving goods and services;
- Reconciling purchase card transactions;
- Maintaining and retaining documentation;
- Violations of policy;
- Internal controls;
- Disputing a purchase card transaction; and
- Reducing the risk of fraud, waste, and abuse.

## 0102 Revisions

Section	Revision	Office	Reason for Change	Effective Date
010505	Added fleet transponder card reference	OFP (047G)	Leadership Change	May 2022
0103	Updated definition	OFP (047G)	Updated definition of Split Purchase	July 2021
010504	Internal Controls	OFP (047G)	Clarified Split Purchase	July 2021
010508	Internal Controls	OFP (047G)	Changed documentation language for iFAMS.	July 2021
Appendix C	Revised Appendix C	OFP (047G)	FSC's Table of Remedial Actions was revised.	July 2021
Appendix C	Added Appendix C	OFP (047G)	FSC's Table of Remedial Actions was added.	August 2019
010510	Violations of Policy	OFP (047G)	Language was added regarding serious violations of purchase card policy	February 2019
010512	Internal Controls	OFP (047G)	Unanswered requests will result in single purchase threshold going to \$1. Before it was "may".	February 2019
Appendix A	Updated Example	OFP (047G)	The example was changed from a Nursing example to an Engineering one to avoid confusion.	February 2019
All	New Policy	OFP (047G)	To improve readability and to simplify the presentation of the information; the original policy chapter is being separated into three separate chapters	June 2018
Various	Reformatted to new format and completed 5 year review.	OFP (047G)	Reorganized chapter layout.	June 2018
Various	Roles and Responsibilities	OFP (047G)	Strengthened Internal Controls and updated language on accountability to be more clear and concise.	June 2018
Various	Update Threshold	OFP (047G)	Micro-purchase threshold increased to \$10,000.	June 2018

## 0103 Definitions

**Agency/Organization Program Coordinators (A/OPC)** - A VA employee that serves as the primary point of contact for the Government Purchase Card Program for their agency/organization. The A/OPC oversees administration of the Government Purchase Card Program in accordance with law, regulation, and policy.

**Approving Official (AO)** - The AO ensures that the purchase card is used properly, authorizes cardholder purchases (for official use only), and ensures that monthly statements are reconciled in a timely manner.

**Charge Card Portal (CCP)** - VA's internet-based system, which provides a variety of features intended to assist in the effective management of the Purchase Card Program, including training logs and electronic storage of supporting documents related to purchase card transactions.

**Electronic Access System (EAS)** - The charge card servicing bank's internet-based system which provides a variety of reports and assists in the effective management of the purchase card.

**Government Purchase Cardholder** - A VA employee who is delegated the authority to obligate funds on behalf of the government and has successfully completed all mandatory training requirements.

**Internal Controls** - Systematic measures which include periodic and continuous monitoring, checks and balances, policies, procedures, and segregation of duties implemented to reduce the risk of error, fraud, waste, and abuse.

**Merchant Category Code (MCC)** - A four-digit number used to classify the business by the type of goods or services it provides.

**Open Market** – Items for sale which are not available for purchase from a government contract vehicle, including Federal Supply Schedules (FSS), Blanket Purchase Agreements (BPA), Contract Team Arrangement (CTA), Government Wide Acquisition Contract (GWAC), etc.

**Purchase Order (PO)** - A Government offer to buy supplies or services upon specified terms and conditions using simplified acquisition procedures; see FAR 2.101, FAR 13.302 (binding when executed).

**Receiving Report** - Internally generated documentation that provides evidence the Government received goods or services.

**Reconciliation** - The process by which the cardholder, using the VA servicing bank's electronic access system and/or other VA-approved automated systems, reconciles transactions. The AO must certify the reconciliation of the transactions under his/her purview.

**Service Contract Labor Standards** - 40 U.S.C. § 3142, formerly known as the Service Contract Act of 1965; the principal purpose of which is to provide standards that companies must adhere to when providing services that are other than bona fide executive, administrative, or professional in nature.

**Simplified Acquisition Procedures (SAP)** - Methods prescribed in [FAR Part 13.3](#) for purchasing goods or services. SAPs are designed for relatively simple Government requirements, and their use is subject to designated micro-purchase thresholds in [FAR Part 2.101 and Public Law 115-91](#) for goods or services.

**Split Purchase** - A split purchase occurs when a cardholder intentionally modifies a known single requirement into two or more purchases or payments to avoid exceeding the micro-purchase threshold.

**Unauthorized Commitment** - An agreement that is not binding solely because the Government representative who made it lacked the authority to enter into that agreement on behalf of the Government.

**Wage Rate Requirements (Construction) (formerly known as the Davis-Bacon Act)** - P.L. 107-217, 40 U.S.C. Ch. 31 requires that any contract involving either the United States or the District of Columbia for the construction, alteration, or repair of public buildings or works must contain a clause setting forth the minimum wages to be paid to the classes of workers involved in such projects.

## **0104 Roles and Responsibilities**

**Assistant Secretary for Management and Chief Financial Officer (CFO)** oversees all financial management activities relating to the direction, management, and administration of the VA Purchase Card Program.

**Under Secretaries, Assistant Secretaries, and Other Key Officials** are responsible for ensuring that the offices within their authorities are in compliance with the policies and procedures set forth in this chapter including assessing appropriate disciplinary actions.

**Administrations and Staff Office Chief Financial Officers, Fiscal Officers, and Chief Accountants** are responsible for ensuring that the office(s) within their fiscal responsibility establishes internal controls to safeguard government resources and complies with the policies and procedures set forth in this chapter.

**Office of Acquisition and Logistics and Construction (OALC)** is responsible for establishing acquisition policy and working across the Department to make strategic sourcing decisions that maximize its purchasing authority.

**VHA Procurement and Logistics Office (PLO)** The Chief Procurement Officer (CPO), as designated by the Under Secretary for Health, is responsible for the oversight of the Purchase Card Program within VHA. The CPO may re-delegate the authority to issue purchase cards and convenience checks; however, this authority may not be delegated lower than the GS-15 level.

**Responsible Officials** are the highest ranking officials (senior executives or GS-15) of any individual offices that hold purchase cards. They are responsible for ensuring that their cardholders and AOs are complying with the policy as well as preventing and mitigating non-compliances.

**Supervisors** are responsible for ensuring that cardholders, AOs, or A/OPCs in their line of authority are in compliance with this policy and for assessing appropriate disciplinary actions.

**Agency/Organization Program Coordinators (A/OPCs)** oversee the card program(s) for his or her agency/organization; establish purchase card accounts in the servicing bank's Electronic Access System (EAS); serve as liaison between the cardholder and the servicing bank; provide on-going advice; review purchase card account activity; maintain necessary account information; monitor and track card program participants that violate policy; and ensure that the offices take appropriate action to address any instances of policy violations.

**Level 1 A/OPC** - The Financial Services Center (FSC) Charge Card Operations Division serves as the Level 1 A/OPC.

**Level 2 A/OPC** – Provides oversight of the Purchase Card Program at the Administration level for the Veterans Health Administration (VHA), Veterans Benefits Administration (VBA), National Cemetery Administration (NCA), Office of Information and Technology (OI&T), Office of the Inspector General (OIG), and VA Central Office (VACO). This position provides technical advice and guidance to the lower-level A/OPCs and reports within 15 days any policy violations and resulting corrective actions to the Level 1 A/OPC.

**Level 3 A/OPC** –known as Purchase Card Program Managers serve as a liaison between Level 2 A/OPC and Level 4 A/OPCs. Level 3 A/OPCs are currently only being utilized by VHA. Level 3 A/OPCs are responsible for:

- Providing technical advice and guidance to the lower-level A/OPCs;
- Providing initial and refresher training and guidance to Level 4 A/OPCs;
- Reporting violations and disciplinary actions to the next level A/OPC;
- Providing oversight of the Purchase Card Program at the station-level;

- Providing technical guidance for all cardholders and AOs under his/her hierarchy;
- Analyzing the effectiveness, efficiency and productivity of the Purchase Card Program;
- Investigating potential violations and fraud indicators; and
- Managing and responding to external oversight organizations.

**Level 4 A/OPC** – are responsible for the following:

- Entering the cardholder's account application in the servicing bank's EAS;
- Monitoring and tracking policy violations;
- Ensuring that supervisors take appropriate actions to address violations;
- Reporting violations and disciplinary actions to the next level A/OPC;
- Providing oversight of the Purchase Card Program at the station-level;
- Ensuring mandatory purchase card training is completed and up to date for all cardholders;
- Providing technical guidance for all cardholders and AOs under his/her hierarchy;
- Analyzing the effectiveness, efficiency and productivity of the Purchase Card Program;
- Investigating potential violations and fraud indicators; and
- Managing and responding to external oversight organizations.

**Approving Officials (AOs)** are responsible for the following:

- Working with direct line supervisors to identify qualified employees to be cardholders;
- Recommending single purchase and monthly purchase thresholds in conjunction with the A/OPC, Fiscal Office, and the delegating authority;
- Providing guidance to cardholders in response to issues they raise related to use of the purchase card;
- Ensuring that only authorized purchases are made;
- Ensuring timely reconciliation of charges made by cardholders;
- Reporting to the Level 4 A/OPC whenever purchase cards are lost, stolen, or compromised;
- Monitoring and reporting to the A/OPC when cardholders transfer, retire, are terminated, or for any other reason have no further need of a purchase card;
- Monitoring and reporting disciplinary actions resulting from cardholder misuse within 5 days to the Level 4 A/OPC;
- Review spending thresholds and the need for cards annually in accord with [PL 112-194 and PL 115-91](#); and
- Completing mandatory training related to their approving official duties.

**Cardholders** ensure proper adherence to purchase card policies, and are limited to acquisition, logistics, finance personnel, prosthetics, and other such personnel approved on a limited basis by the level 2 A/OPC. Cardholders are responsible for the following:



- Completing mandatory training related to their purchase card duties;
- Surrendering the purchase card upon termination of employment, retirement, or transfer to a new position;
- Being knowledgeable of purchase card policies, hierarchy of purchases, and the limitations on spending thresholds and vendor selection;
- Reporting to the AO, Level 4 A/OPC, and servicing bank whenever purchase cards are lost, stolen, or compromised;
- Making authorized purchases; and
- Uploading documentation related to purchases to an automated imaging system.

## 0105 Policies

### 010501 General Rules

- A. [OMB Circular A-123, Appendix B, Improving the Management of Government Charge Card Programs](#), provides guidance on the management and use of the purchase card. [Federal Acquisition Regulation \(FAR 48 CFR 1\), Part 13](#) - titled "Simplified Acquisition Procedures and Public Law 115-91 contain regulations that must be followed when making purchases.
- B. Government purchase cards will only be used to purchase goods and services in support of the agency's mission.
- C. All Government micro-purchases of electronic and information technology items must be compliant with Section 508 of the Rehabilitation Act of 1973, which states that Federal agencies must make their electronic and information technology accessible to people with disabilities (see FAR Subpart 39.2, Electronic and Information Technology). An exception to this requirement is permitted if the technology is located in spaces frequented only by service personnel for maintenance, repair, or occasional monitoring of equipment, or if it would impose an undue burden (significant difficulty or expense).
- D. Government purchase cardholders will purchase green products and services to the maximum extent practicable (including construction) to meet the requirements of the Green Purchase Program consistent with FAR part 23; Environment, Energy and Water Efficiency, Occupational Safety, and Drug-Free Workplace and Subpart 39.2—Electronic and Information Technology for Renewable Energy Technologies.
- E. Purchases of goods and services that exceed the micro-purchase threshold can only be made by warranted contracting personnel, in compliance with Veterans Affairs Acquisition Regulations (VAAR) and Federal Acquisition Regulations (FAR). Purchases over the micro-purchase threshold must be made using a valid contracting document such as a contract or purchase order, unless specifically allowed by legislation.

## 010502 Purchase Card Thresholds

A. The micro-purchase thresholds are:

- According to P.L. 115-91, the micro purchase threshold may be raised up to \$10,000 for goods and services, not subject to the Service Contract Labor Standards (SCLS) or the Wage Rate Requirements (Construction). Each Administrations and Staff Offices can establish the micro purchase limit for the individual cardholders up to \$10,000;
- \$2,500 for services subject to the Service Contract Labor Standards (see paragraph B of this section); and
- \$2,000 for construction (see paragraph C of this section).

B. SCLS ([41 U.S.C. Chapter 67](#)), formerly known as the Service Contract Act of 1965, establishes that when services are for amounts greater than \$2,500, the services must be procured via contract and standard wages must be paid. Services generally covered by this Act include:

- Maintenance, overhaul, repair, servicing, rehabilitation, salvage, modernization, or modification of supplies, systems, or equipment;
- Routine recurring maintenance of real property;
- Housekeeping and base services;
- Laboratory analysis services;
- Operation of Government-owned equipment, real property, and systems;
- Drafting and illustrating;
- Special mode transportation and related services; and
- Computer services.

For additional information on covered and non-covered services see [§6702 of 41 USC Chapter 67](#) or [29 CFR 4.130](#).

C. Wage Rate Requirements (Construction) (formerly known as the Davis-Bacon Act) - Construction projects have a micro-purchase threshold of \$2,000. In addition it requires the payment of prevailing wages and fringe benefits, as determined by the U.S. Department of Labor (DOL) Federal Law ([40 U.S.C. § 276a to 276a-5](#)), to all laborers and mechanics working on the site of a Federal Government construction award. Construction includes alteration and/or repair, painting, and decorating of public buildings or public works.

D. A “micro-purchase” can include both the acquisition of goods and services, the aggregate amount of which may not exceed the micro-purchase threshold applicable to the type of purchase being made. For example:

- Services subject to the SCLS, as discussed in B above, have a threshold of \$2,500;
- Construction subject to the Wage Rate Requirements, as discussed in C above, have a threshold of \$2,000; and
- Purchases that include both goods and services that do not fall under either the SCLS or the Wage Rate Requirements have a threshold of \$10,000. The FAR specifies that the aggregate amount (i.e., the total purchase price), should be used to determine if the purchase is below the applicable threshold. Furthermore, when the purchase of goods and services are combined, VA's Office of General Counsel (OGC) has found no authority that indicates the thresholds only applies to the value of the services. For example, ABC company is hired to do routine maintenance of a door mechanism and to install a new front door for a medical facility, the estimated cost of the requirement is \$2,600 (\$1,900 labor and \$700 for the door), as the total cost exceeds the SCLS threshold of \$2,500 this purchase cannot be made via purchase card.

### **010503 Strategic Sourcing**

In order to enhance VA's purchasing authority VA should utilize strategic sourcing. In this regard, Administrations and Staff Offices must ensure that their employees obtain proper contracts when procuring goods and services on a regular basis. AOs, A/OPCs, and cardholders must review their purchases and determine when it is in the best interest of the Government to utilize strategic sourcing for particular goods or services.

- A. Quarterly, FSC will issue a listing of the top 1,000 vendors who received purchase card payments to Assistant Secretaries, Under Secretaries, Other Key Officials, and their related contracting and logistical offices for identification of areas for strategic sourcing. OALC will work with the Assistant Secretaries, Under Secretaries and Other Key Officials to better leverage the government's buying power through consolidation of requirements.
- B. Assistant Secretaries, Under Secretaries, Other Key Officials, and their related contracting and logistical offices in conjunction with OALC, will review the top 1000 vendors to determine which vendors and procurement actions warrant the issuance of nation-wide contracts.
- C. OALC will work across the Department to make the most of available budgetary resources by ensuring the strategic purchasing decisions are made at all levels of the Department.
- D. FSC will forward the top 1000 vendors list to all A/OPCs for review and determination of the need for local contracts.

### **010504 Split Purchase and Single Purchase Threshold**

- A. A split purchase occurs when a cardholder intentionally modifies a known single requirement into two or more purchases or payments to avoid exceeding the micro-purchase threshold. Cardholders must not split a requirement into smaller parts to avoid formal contracting procedures. See [FAR 13.003\(c\) \(2\)](#) for additional details.
- B. A single purchase may not exceed the cardholders authorized single purchase threshold. Cardholders will not divide or modify a requirement into multiple purchases in order to stay within their single purchase threshold.
- C. Cardholders and AOs who split purchases, commit an unauthorized purchase, make or certify a purchase exceeding his/her delegated or appointed level of authority may be subject to disciplinary action and/or personal financial liability. See [VA Handbook, 5021/18 Part II Chapter 1.](#)
- D. If the requirement is for an on-going repetitive order of goods or services and the total value of the requirement exceeds the micro-purchase threshold, the requirement for the goods or services must be communicated to the agency servicing contracting office for procurement.
- E. Any cardholder or AO who makes or certifies a purchase exceeding the micro-purchase threshold found in 010502 has created an unauthorized commitment that must be ratified. See [VA Directive and Handbook 7401.7, Unauthorized Commitments and Ratification](#), for the process to follow in order to ratify an unauthorized commitment over the micro-purchase threshold.
- F. If there is any uncertainty as to whether a purchase can or should be made using a Government purchase card, cardholders will contact their AO and A/OPC's. AO and A/OPC's may contact FSC at [purchasecardops@va.gov](mailto:purchasecardops@va.gov), or OALC Procurement Policy at [VACOVaproc@va.gov](mailto:VACOVaproc@va.gov), phone (202) 632-4606. For examples of split purchases, see Appendix A.

#### **010505 Purchases Under the Micro-Purchase Threshold**

- A. Agency personnel requesting purchases of goods or services must provide written and/or electronic requests for the items. Documentation must clearly indicate a valid business need for the goods or services being requested.
- B. Government purchase cardholders must obtain prior approval from their supervisor or A/O before making any purchase, including those that are initiated by the cardholder.
- C. Documentation may vary in form and content. Some examples include e-mails, requisitions, memos, consults, or notes. Regardless of the form the documentation must contain a certification from the requestor that the proposed purchase is for a

legitimate Government need, not for personal benefit, as well as a list of all items to be purchased. A copy of the approval must be retained as supporting documentation. For information on retaining supporting documentation, see section 010508.

- D. Before purchases are made, cardholders must verify that funds are available within the line of accounting that is to be charged.
- E. Government purchase cardholders purchasing non-expendable IT equipment must comply with the Office of Information and Technology (OI&T) requirements, see [VA Handbook 7002](#), *Logistics Management Procedures* for more details.
- F. The purchase card may be used for Veteran (Beneficiary) Travel expenses. When a VA facility chooses to use a purchase card to pay for Veteran travel expenses, the cardholder must:
  - Obtain appropriate written authorization from the AO prior to making purchase;
  - Document and maintain transaction details (traveler name, travel dates, location, purpose of trip, amount, merchant name, date and description of purchase); and

In addition, the VA facility will ensure that the Veteran does not receive a travel reimbursement if a purchase card was used to pay for their travel expenses.

- G. The purchase card may be used in conjunction with beneficiary travel arrangements to reserve a hotel room for a veteran receiving care. However, contracts must be considered when bulk travel arrangements can be anticipated and the total cost will exceed the micro-purchase threshold.
- H. To ensure that VA receives the best possible pricing for goods and services, prior to selecting a vendor, every effort should be made to locate the items on a Government-wide or Departmental contract. Open market orders are used as a last resort when a cardholder is unable to satisfy requirements for supplies and services using an existing government contract.
- I. Once a merchant has been selected, the cardholder must verify that the merchant accepts purchase cards as a form of payment. If the merchant does not accept purchase cards, the cardholder must attempt to find another merchant that does accept purchase cards. If no other merchant is available to provide the goods or services, the purchase may be made using a convenience check. The use of convenience checks is severely discouraged and every effort should be made to find a vendor that accepts the purchase card. See VA Policy Volume XVI, Chapter 1C on Government Convenience Checks.

J. Government purchase card orders must be recorded in the appropriate VA-approved automated system within one business day of making the purchase.

1. Government purchase card orders entered into VA accounting systems, such as, the Centralized Administrative Accounting Transaction System (CAATS) or the Integrated Funds Distribution, Control Point Activity, Accounting, and Procurement (IFCAP) system serve as documentation for:
  - Obligation of VA appropriated funds;
  - Ordering information; and
  - Supporting documentation for audits.
2. The purchase order must include detailed information such as type of product or service, quantity, price (including any shipping and handling fees), and if applicable, contract or Blanket Purchase Agreement (BPA) number.
3. Cardholders shall select the appropriate fund control point, cost center, and budget object code (BOC) that best matches the items being procured to ensure transactions are properly recorded and accounted for in the accounting system.

K. Cardholders will not:

- Purchase items for personal use or the personal use of other employees. [See GAO decision B-327146](#);
- Accept cash for returned merchandise or credit;
- Allow other employees to use or have access to their issued Government purchase card(s); or
- Circumvent appropriate contracting requirements.

L. The Government purchase card may not be used for:

- The purchase of food and beverages, except in certain circumstances as provided for in law, see [VA Financial Policy Volume II, Chapter 4, Awards, Ceremonies, Food or Refreshments, Gifts or Mementos](#);
- Long-term rental or lease of land or buildings of any type per [Federal Management Regulation \(FMR\) Part 102.2, General Services Administration Acquisition Manual Part 570](#), and [VA Handbooks and Directives 7815 and 7816](#);
- Employee travel, including local travel or travel-related expenses. Local transportation includes items such as metro fare cards, subway tokens, toll passes, and ferry tickets. Employees must seek reimbursement for these expenses through the VA Travel System. See FTR §301-51.1. Toll passes may be paid using a Fleet Transponder Card. See Volume XVI Chapter 3 for further guidance on paying for toll passes.
- Items to be given away, presented as a gift, or disposed of where the Government loses title without legislative authority (excludes items authorized by

[VA Financial Policy Volume II, Chapter 4, Awards, Ceremonies, Food or Refreshments, Gifts or Mementos](#)); or

- Gift cards, except for “patient only” purchases from the General Post Fund, which directly benefit the Veteran.
- M. Cardholders will not use third-party payers (e.g., PayPal, E-Money, E-Account, Google Checkout, and VenMo), unless there are no other available vendors. Cardholders will justify in writing if a third-party payer is used and keep documentation identifying the actual vendor providing the item(s). Use of third-party payers is discouraged because third-party payers do not always disclose the actual merchant name fulfilling the request, which can mask the purchase and lead to circumvention of Merchant Category Code (MCC) blocks. Additionally, disputes involving third-party merchants are more challenging to resolve because billing discrepancies must be addressed directly with the merchant or supplier.
- N. Federal purchases are exempt from state and local sales taxes in accordance with GSA and [FAR 29.302](#). The cardholder must inform the merchant prior to placing an internet order, telephone order, or making an over the counter purchase (Point of Sale) that the purchase is exempt from all state or local sales taxes.
- O. Prior to finalizing an order, the cardholder should:
- Determine if there are any applicable discounts;
  - Verify that the vendor has removed all state and local sales taxes from the order (if applicable);
  - Verify shipping fees and include them in the total amount being charged, to avoid charges over the single purchase threshold; and
  - Verify that the sales amount agrees with the quoted price.
- P. For purchases from vendors that do not have an authorized MCC code a manual authorization is required to process the transaction. Cardholders must contact their local A/OPC and provide them with the name of the vendor and the amount of the purchase. The A/OPC will contact the servicing bank to initiate the manual authorization. The vendor will contact the servicing bank to obtain the authorization code needed to process the transaction.
- Q. In some limited instances (e.g., prosthetics, subscriptions and training), it is acceptable to issue payment in advance of receiving the goods or services. In these instances the cardholder will:
- Obtain approval of the justification to issue payment in advance from the AO prior to making the purchase;
  - Document and maintain transaction details (person requesting goods or services, date of request, source of supply, amount, reason for payment being made in advance, and description of goods or services).



- R. Government purchase cardholders must not place orders for backordered goods that do not have a delivery date.

### **010506 Receiving**

- A. The receipt of goods or services should be documented. Some acceptable documentation methods include signing and dating either the packing slip, receipt/invoice, or completing an electronic receiving report.
- B. Receiving reports should be generated when possible, in one of VA's approved systems (e.g. IFCAP or CAATS).
- C. When items are shipped or delivered directly to a veteran, such as, dialysis supplies, Prosthetics, or Vocational Rehabilitation and Employment (VR&E) supplies, the cardholder will obtain confirmation of delivery and retain for audit purposes.
- D. For goods or services that are obtained by an individual other than the cardholder who placed the order; the individual verifying receipt should document the date the goods or services were received.
- E. For goods and services received by the cardholder who placed the order, confirmation of delivery shall be verified and documented by another VA employee.
- F. Cardholders are responsible for maintaining documentation proving that the goods or services were received.
- G. The ordering of goods and services for remote locations or during emergency or urgent conditions does not alter the requirement for the documentation of the receipt of goods and services ordered.

### **010507 Reconciling a Purchase Card Transaction**

- A. All transactions must be reconciled by the cardholder and approved by the AO in the servicing bank's EAS or other Office of Finance-approved automated system.
- B. Transactions must be reconciled and approved no later than the 15th calendar day of the month (e.g., July 15<sup>th</sup>), after the closing of the previous month's billing cycle. Accounts not reconciled within 30 days of the due date will have their single purchase threshold lowered to \$1.
- C. In the event a transaction is being disputed, it must be marked in the system as a "dispute" during the reconciliation process. For more information on disputed transactions, refer to section [010511 Disputed Transactions](#).



- D. Cardholders and/or AOs that fail to reconcile, as stated in policy, will be considered for disciplinary action up to and including termination.
- E. When approving transactions, an AO must ensure the transaction is legal, proper, mission essential, and the Government purchase cardholder has provided sufficient documentation needed to complete the reconciliation in compliance with this section. An AO's due diligence in this area will aid in:
  - Identifying fraudulent or erroneous charges within the servicing bank's dispute deadline;
  - Identifying unauthorized commitments; and
  - Identifying the need for training or other corrective action early.
- F. When approving reconciliations, the AO is required to review the supporting documents in a VA-approved document imaging system; such as, APAT, SharePoint, or the Charge Card Portal (CCP).

#### **010508 Record Retention for Purchase Documentation**

- A. Record retention must be in accordance [with National Archives and Records Administration \(NARA\) 410, General Schedule 6 and FAR subpart 4.805](#), Charge card documents and receipts are required to be maintained for a minimum of 6 years.
  - 1. Documentation applicable to a purchase includes:
    - Approved purchase request;
    - Vendor Invoice;
    - Receipt;
    - PO or electronic request;
    - Packing slip or receiving report;
    - Food approval form or memo; and/or
    - Any other pertinent documentation.
- B. In the event an invoice, receipt, or other supporting document is lost, misplaced, or not received, the cardholder must obtain a replacement document, or prepare a written explanation which documents why the invoice, receipt, or other supporting document is missing. This written explanation will be included with the purchase documentation.
- C. Cardholders should upload and store all original, unaltered supporting documents electronically to the appropriate document imaging system (e.g. iFAMS, CCP, etc.).

#### **010509 Standards of Conduct**

- A. Cardholders may not solicit or accept a gratuity, gift, favor, entertainment, loan, or anything of monetary or non-monetary value from any party doing business with or seeking to obtain business with VA (5 C.F.R. §2635.202). Should questions arise, employees may seek ethics advice from their regional counsel or an ethics official at the Office of General Counsel.
- B. Cardholders will not obtain, retain, or personally benefit from any merchant rewards, points, memberships, benefits, or other promotional items in connection with the use of the Government purchase card.
- C. VA personnel (e.g., AOs, Supervisors, Directors, Senior Executive Service (SES), Clinicians) may not pressure or direct a cardholder to:
  - Pay for unauthorized goods or services;
  - Purchase goods or services that do not meet a bona fide need;
  - Exceed their delegated authority; or
  - Make card purchases to avoid contracting actions.
- D. Each employee has a duty to protect and conserve Government property and will not use a Government purchase card, allow its use, or direct its use, for other than authorized purposes.

### **010510 Violations of Policy**

- A. Any VA employee who knowingly misuses a government purchase card may be prohibited from future use of a purchase card or serving as an AO.  
The term misuse includes:

- Splitting purchases;
- Exceeding applicable purchase card limits or thresholds;
- Purchasing unauthorized items;
- Using a purchase card without being an authorized purchase cardholder;
- Violating ethics standards; and/or
- Violating policy in this chapter.

This prohibition is in addition to any other applicable penalties and is in accordance with section 501 of the [Veterans Benefits and Transition Act of 2018](#).

- B. Intentional misuse of a Government purchase card may result in a bill of collection for funds that cannot be recouped, debt collection fees for additional manpower hours necessary to recover the improperly spent funds, disciplinary action and criminal and/or civil actions. AOs and others who conspire with cardholders to misuse the card, commit fraud, and/or use their position of authority to cause misuse of the Government purchase card will also be subject to disciplinary and criminal

and/or civil actions. At the discretion of the FSC Director, and/or the Office of Finance, cases may be referred to the VA Office of the Inspector General, or federal prosecutors for criminal charges. Any VA employee referred to the VA Office of the Inspector General shall be prohibited from future use of a charge card or serving as an AO. All current charge cards will be immediately cancelled related to the VA employee involved in a case referred to the Office of the Inspector General.

- C. Violations and subsequent actions must be reported to FSC ([VAFSCChrgCardReview@va.gov](mailto:VAFSCChrgCardReview@va.gov)). Supervisors may consider a range of consequences when misuse, fraud, repeated abuse, or direct violations of regulations or policy occur. Disciplinary actions, if taken, will be based upon the circumstances surrounding each instance and will be designed to ensure that the violations are not repeated. [VA Handbook 5021/15, Part I, Appendix A \(I-A-9, Nature of Offense 41\)](#), [Employee-Management Relations \(JULY 19, 2013\)](#), contains guidance on disciplinary actions related to the Government purchase card program. Disciplinary actions may include:

- Counseling – 1<sup>st</sup> offense or minor offenses;
- Refresher Training – 1<sup>st</sup> offense or minor offenses;
- Reduction in Account Spending Limits – 1<sup>st</sup> offense or minor offenses; applies to all serious violations;
- Bill of Collection – applies to inappropriate expenditure of funds that cannot be recouped;
- Revocation of authority – applies to all serious violations as well as repeated delinquency in timeliness standards;
- Suspension from duty (requires legal review) - Facility discretionary action; and
- Removal from duty (requires legal review) - Facility discretionary action; requires legal review.

In addition to any actions taken by the supervisor Appendix C contains a listing of actions that may be taken by the FSC when the cardholder misuses the purchase card.

- D. Cardholders and AOs with three (3) or more policy violations in a twelve (12) month period may be removed from functioning as a cardholder or AO and will be considered for disciplinary action.

### **010511 Disputed Transactions**

- A. Cardholders will investigate any questionable/suspicious charges to their account.
- B. Cardholders must attempt to resolve any questionable/suspicious charge directly with the vendor. If the purchase cardholder does not receive a response from the vendor within 30 days, they should dispute the charge with the servicing bank no later than 90 days from the transaction date.

- C. A dispute occurs when the cardholder contacts the bank and formally questions a transaction posted to their account. See appendix B for examples of dispute transactions.
- D. The purchase cardholder must contact the servicing bank online or by phone. Copies of dispute forms shall be sent to the AO and A/OPC

### **010512 Internal Controls**

- A. Responsible officials in the Administrations and Staff Offices are accountable for ensuring compliance with the Government purchase card program and for implementing internal controls over Government purchase card activities.
- B. VA requires that the duties of the cardholder, AO, requesting official, and receiving official be segregated. An A/OPC cannot be a cardholder or an approving official. No one person may order, receive, certify funds, and approve his/her own purchase card purchase.
- C. A supervisor or certifying official does not have the authority to approve or certify their own purchase card activities, that of an immediate family member, other close relative, or other individual whose relationship may create the appearance of a conflict of interest. To evaluate potential conflict of interest, consider the prospect of personal relationship information being exposed to public scrutiny (see [5 C.F.R. 2635.501, Impartiality in Performing Official Duties](#)).
- D. Reviewing or auditing of purchase card activities must be assigned to individuals independent of the purchase card transactions being reviewed.
- E. Individuals that have a responsibility for overseeing, auditing, and reporting cannot be issued a purchase card. For example, a cardholder cannot also be the A/OPC or AO for his/her account(s).
- F. Employee conduct must meet the highest ethical standards. Each cardholder and AO has a duty to protect and conserve Government property and will use purchase cards only for authorized purposes. The standards of conduct, which apply to all program participants, further state that employees may not solicit or accept any gratuity, gift, favor, entertainment, loan, or anything of monetary value from any party doing business with or seeking to obtain business with VA ([5 C.F.R. §2635.202](#)). Employees may seek ethics advice from their regional counsel or an ethics official at the Office of General Counsel.
- G. Cardholders must safeguard their purchase cards in a secure location, such as a locked drawer, to protect against theft, loss, and forgery.

- H. Program participants must comply with requests for information regarding purchases, audits, unauthorized commitments, or questionable transactions. Failure to reply to requests within the timeframe specified will result in the single purchase threshold being lowered to \$1 until the request has been satisfied.
- I. AOs must review spending thresholds and the need for cards annually in accord with [PL 112-194](#) and [PL 115-91](#)
- J. To evaluate the effectiveness of internal controls, A/OPCs and FSC will conduct reviews to:
- Ensure that purchases are supported by approved purchase requests, purchase orders, and proof of receipt of ordered goods or services;
  - Evaluate purchase transactions by program participant with prior policy transgressions to assure remediation actions are effective;
  - Identify and examine potential split purchases;
  - Analyze spending patterns to identify and report potential fraud waste and abuse;
  - Identify and report unauthorized commitments; and
  - Determine whether cardholders are optimizing purchasing power and cost savings by utilizing strategic sourcing techniques. FSC's spend analysis will aid in completing this review.
- K. FSC will track unauthorized commitments until ratified.

## **0106 Authorities and References**

[38 USC §8123. Procurement of prosthetic appliances.](#)

[38 U.S.C 8127, Small Business Concerns and Controlled by Veterans: Contracting Goals and Preferences](#)

[5 C.F.R. Part 1315, Prompt Payment](#)

[Antideficiency Act, 31 U.S.C. § 1341](#)

[5 C.F.R. Section 2635.704, Standards of Ethical conduct for Employees of the Executive Branch, Misuse of Position, Use of Government Property](#)

[48 C.F.R., Federal Acquisition Regulation \(FAR\); Part 13, Simplified Acquisition Procedures; Part 32.11, Electronic Funds Transfer](#)

[Executive Order 13360, Contracting with Service-Disabled Veteran Business, October 26, 2004](#)

[OMB Circular A-123, Management's Responsibility for Internal Control, Appendix B, Improving the Management of Government Charge Card Programs](#)

[OMB Circular A-123, Management's Responsibility for Internal Control, Appendix C, Requirements for Effective Estimation and Remediation of Improper Payments](#)

[U.S. Government Accountability Office \(GAO\), Principles of Federal Appropriations Law Volume I, Chapter 4, Section C, Part 5-Entertainment, Recreation, Morale, and Welfare](#)

[P.L. 112-194, Government Charge Card Abuse Prevention Act of 2012, October 5, 2012](#)

[OMB Memorandum M-13-21, Implementation of the Government Charge Card Abuse Prevention Act of 2012, dated September 6, 2013](#)

[VA Handbook 5021/15, Part 1, Appendix A \(1-A-9, Nature of Offense 41\), Employee Management Relations \(July 19, 2013\), contains guidance on disciplinary actions related to the purchase card program](#)

[GAO-04-261SP, Principles of Federal Appropriations Law, Volume I, Chapter 4, Section C, part 5](#)

[VA Office of Financial Policy Volume II Chapter 4, Awards, Ceremonies, Food or Refreshments, Gifts or Mementos](#)

[Public Law 115-91, National Defense Authorization Act for Fiscal Year 2018](#)

[Veterans Benefits and Transition Act of 2018](#)

## **0107 Rescissions**

VA Financial Policy, Volume XVI, Chapter 1, Government Purchase Card Program dated July, 2017.

## **0108 Questions**

Questions concerning these financial policies and procedures should be directed to the specific POC's and formatted as follows using the group email. Do not use proper names.

VHA  
VBA  
NCA

VHA CFO Accounting Policy (10A3A) (Outlook)  
VAVBAWAS/CO/FINREP (Outlook)  
NCA CAATS Finance Approvers (Outlook)

FSC  
All Others

FSC [purchasecardops@va.gov](mailto:purchasecardops@va.gov)  
ChargeCardPolicy [VAChargc@va.gov](mailto:VAChargc@va.gov) and or  
VA Procurement Policy [VAChargc@va.gov](mailto:VAChargc@va.gov)

## Appendix A: Example of Split Purchases

The following scenarios are examples of Government purchase card use where the specific requirement was inappropriately split.

1. An Engineering Service requests to host a class for 12 VAMC engineers to obtain training on a specific piece of equipment the Veterans Administration Medical Center (VAMC) is installing. VA contacts a vendor with subject matter expertise and requests a 12-person class on a specific date. The vendor agrees to schedule the course and notifies VA that the charge will be \$875 per participant, for a total of \$10,500 (12 X \$875). In this scenario, the VA requirement is to buy an entire class to train engineers on a new piece of equipment to meet a changing or emerging need in the VAMC. This is one requirement for the VAMC and not 12 individual requirements. If the VAMC splits the requirement by making 12 separate purchases, they have incurred an unauthorized commitment.
2. A purchase cardholder was sent an electronic request to have three offices painted at the station. The cost to paint the three offices will be \$2,000 each for a total of \$6,000. The purchase cardholder processes three separate transactions at \$2,000 each because the purchase cardholder believed these were three separate requirements. Since the total requirement was known at the time of the purchase and the total purchase exceeds the Service Labor Standards Act threshold of \$2,500, this constitutes a split purchase. ***The proper course of action is to forward the requirement to the contracting office for purchase.***
3. A purchase cardholder received a request to buy two identical surgical instruments each for \$5,500. The purchase cardholder purchased the item from two different merchants on the same day for a total of \$11,000, which exceeded the micro-purchase threshold. The total was known at the time of the first purchase, and the purchase cardholder split the order between the two vendors to circumvent the micro-purchase threshold for goods. This constitutes a split purchase. ***The proper course of action is to forward the request to the contracting office for purchase.***
4. A purchase cardholder received requests for five identical products, each costing \$2,050 each and available from the same vendor, but needing delivery to five different locations. The purchase cardholder elects to process five separate purchases from the vendor. The transactions are split to prevent exceeding the micro-purchase threshold for goods. Shipping to multiple destinations is not a valid reason to split a requirement into multiple transactions. ***The proper course of action is to consolidate the requirements and forward to the contracting office for purchase.***
5. A purchase cardholder received an email requesting to purchase a service for disposing of medical waste costing \$4,021. The order was placed, consisting of two separate transactions that occurred on the same day, for \$2,000 and \$2,021. The requirement to dispose of medical waste is a single requirement, and since the total cost of service was known at the time of purchase, these transactions constitute a split purchase as the cost of the requested service exceeded the micro-purchase threshold for services. ***The***



***proper course of action is to forward the service request to the contracting office for purchase.***

6. Telecommunications service hires a cable company to run wires in 7 offices in 3 different buildings on the VAMC campus. The orders are based on individual work orders created on different days. The cost for each office varies (from \$450-\$2,950), but when added together, exceeds the single purchase threshold of the cardholder and the [FAR Subpart 22.10 Service Contract Labor Standards](#) threshold. The cable company sends employees out to do the jobs on the same day and bills the work orders as separate invoices. These transactions constitute a split purchase since the total cost of the requested service, which exceeds the micro-purchase threshold for services, was known at the time of purchase. ***The proper course of action is to forward the service request to the contracting office for purchase.***
7. Engineering service needs to order 10 window air conditioner units for various offices around the campus. Each a/c unit is similar and they cost \$1,500 each. The total amount (\$15,000) will exceed the micro-purchase threshold. The cardholder creates two separate purchase card orders for 5 a/c units each in order to obtain the desired number of units without exceeding his/her single purchase threshold. The cardholder split a single requirement to avoid the micro-purchase threshold for goods. ***The proper course of action is to forward the request to the contracting office for purchase.***
8. On Monday, a purchase cardholder receives a purchase request to have the second floor office area painted for \$2,500. The vendor is scheduled to come on Friday. On Tuesday of the same week, the purchase cardholder is notified by the requesting service that the hallway outside the office will also need to be painted. The purchase cardholder contacts the vendor, who states the price to paint the hallway is \$1,600. Although the vendor has already been scheduled to paint the office on Friday, the station has now identified a total requirement for painting services of \$4,100. Since the total requirement is known before the first purchase is made (scheduling the work is not making a purchase), the station may not separate the purchases for the office and hallway painting. ***The proper course of action is to cancel the scheduled work and forward the request to the contracting office for purchase.***

## Appendix B: Types of Disputed Transactions

The table below provides several examples of reasons to dispute a transaction.

Type of Dispute	Explanation
Merchandise or service not received	The purchase card account has been charged for a transaction(s), but the merchandise or service has not been received.
Merchandise returned	The purchase card account has been charged for a transaction(s), but the merchandise has been returned. If a vendor does not authorize a credit for returned goods and/or involves a restocking fee, the charge cannot be disputed.
Unauthorized purchases	A charge on the purchase card account that the purchase cardholder did not authorize.
Duplicate processing	A charge on the purchase card account that represents multiple billings to the account for the same purchase.
Unrecognized charge	A charge on the purchase card account that is not recognized. A copy of the documentation received from the merchant to certify the charge (sales draft) must be requested by the purchase cardholder.

## Appendix C: A/OPC Level 1 Administrative Actions

The chart below contains examples of charge card offenses and their corresponding remedial actions. Level 2 AOPC's will report all instances of misuses to the FSC.

<b>A/OPC Level 1 Administrative Actions</b>	
<b>Government Charge Card Program Misuse</b>	<b>Administrative Actions</b>
Splitting purchases or ratification needed (per procurement)	<p><b>1st offense:</b> Complete refresher training, reduce account spending limit, and/or removed as a Government Charge Card Program participant.</p> <p><b>2nd offense:</b> Issue bill of collection, including debt collection fees, and removed as a Government Charge Card Program participant.</p>
Exceeding applicable charge card limits or thresholds	<p><b>1st offense:</b> Complete refresher training, reduce account spending limit, and/or removed as a Government Charge Card Program participant.</p> <p><b>2nd offense:</b> Issue bill of collection, including debt collection fees, and removed as a Government Charge Card Program participant.</p>
Purchasing unauthorized items	<p><b>1st offense:</b> Complete refresher training, issue bill of collection, including debt collection fees, and/or removed as a Government Charge Card Program participant.</p> <p><b>2nd offense:</b> Issue bill of collection, including debt collection fees, and removed as a Government Charge Card Program participant.</p>
Using a government charge card without being an authorized cardholder	<b>1st offense:</b> Issue bill of collection, including debt collection fees, and removed as a Government Charge Card Program participant.
Violating VA policy or federal regulations governing the Government Charge Card Program.	<b>1st offense:</b> Complete refresher training, reduce account spending limit, and/or removed as a Government Charge Card Program participant.
Violating ethics standards	<b>1st offense:</b> Revoke purchasing authority, issue bill of collection, including debt collection fees, and removed as a Government Charge Card Program participant.
<b>Notes:</b>	
Card users and AOs must be aware that one violation may be reason enough to be removed from functioning as a Government Charge Card Program participant and that administrative action will be considered dependent on the egregiousness of the violation.	

At the discretion of the FSC Executive Director, cases may be referred to the VA Office of the Inspector General (VAOIG), or federal prosecutors for criminal charges.

Any VA employee referred to the VA OIG shall be prohibited from future use of a charge card or serving as an AO pending OIG opinion and recommendation. All current charge cards will be immediately cancelled related to the VA employee involved in a case referred to the VAOIG.